



PRESS RELEASE

Malmö July 31, 2018

New Nordic Healthbrands AB

Six month report January - July 2018

SIX MONTHS 2018

- Net sales amounted to MSEK 183.4 (169.8), an increase of 8.0 percent. In local currencies, the increase was 4.9 percent.
- Gross margin increased to 70.5 percent (67.3).
- EBITDA increased to MSEK 11.1 (9.4).
- Operating profit increased to MSEK 10.8 (9.0).
- Profit after tax for the period increased to MSEK 8.5 (6.7).
- Earnings per share after tax increased to SEK 1.38 (1.08).

Q2 2018

- Net sales amounted to MSEK 95.0 (88.9), an increase of 6.9 percent. In local currencies, the increase was 1.7 percent.
- Gross margin increased to 72.3 percent (67.1).
- EBITDA decreased to MSEK 3.8 (5.3).
- Operating profit decreased to MSEK 3.6 (5.1).
- Profit after tax for the period decreased to MSEK 2.9 (3.8).
- Earnings per share decreased to SEK 0.47 (0.61).

COMMENTS BY KARL KRISTIAN BERGMAN JENSEN, CEO

We had a record turnover of 95 MSEK in the second quarter and the turnover totaled 183 MSEK for the first half of the year. An increase of 8 percent in SEK. In local currencies, revenue has risen almost 5 percent in the six months. In both the second quarter and the first half we have had growth in all geographical areas; The Nordic area, Other Europe and North America. We have had a good balanced growth in sales of both the more well-established products and new products.

In the second quarter of 2018, we continued our increase in marketing and staff to generate increased revenue and earnings. Despite the fact that we have achieved a record turnover, growth in sales and earnings has not lived up to expectations. In several of our core markets, where we have access to our retailers' sales data, the growth in sales to the consumer is satisfactory. Therefore, we can conclude that some of our largest retailers have reduced inventory in the second quarter.

In the US, we have invested significantly in marketing to further increase our distribution. This has meant relatively higher costs in the first half of 2018. We expect the investments to result in continued increased sales in the future. In Switzerland, we have now established cooperation with all the major wholesalers. Here we are working to improve our distribution in pharmacies. In China we have now started our cross-border sales. Mainly through Tmall. Sales in China rise steadily day by day. Here we are still in an investment phase. In Hong Kong, preparations for launch continue. We had been expecting sales at this time but negotiations with our retailers' have taken time. We expect to get started in the second half of 2018. We are also preparing for launch in Spain in the second half.

Even though USD has risen relative to SEK and our raw material prices have risen, we have increased our gross margin in the first half to 70.5 percent from 67.3 last year. This is mainly due to product mix changes. We sell more of the products with higher profits. We also benefit from lower costs because of large-scale production on certain products.

Our costs are under control but they have risen more than the increase in our sales. This applies to both staff costs and marketing costs. In the second half of the year we will have increased awareness of improving our earnings compared with the first half of the year and we expect the actions we have taken in the first half to benefit us in the second half.

In the quarter, we have continued to use some resources to get proper sourcing of new technologies for New Nordic. These are liquid dosage forms, gums, sticks and sachets, and, in particular, handling of living bacteria such as collection, freeze drying and packaging under special temperature and humidity conditions. In the quarter, we have also launched Prosta Vital™, B-energy™ and the new popular form of magnesium - magnesium malate.

Our financial situation is good and our balance is trimmed. Inventories, however, increased from 44 to 62 MSEK. This reflects increased activity as well as increased inventory to withstand reduction in production capacity over the summer. Last year our inventory was too low to ensure a satisfactory service level. We will try to manage our inventory so that it amounts to between 50 and 55 MSEK, which equals between 160 and 180 days of stock with existing sales level.

In the second half we will continue to execute our strategy. We will focus on continued growth in sales and earnings, internationalisation and strengthening the value of our brand.

I look forward to an exciting second half with great expectation.



Karl Kristian Bergman Jensen, CEO

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The information in this press release is that which New Nordic Healthbrands AB (publ) is required to disclose under Sweden's Securities Market Act. and made public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 9.00 (CET) on July 31st 2018.

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New Nordic Healthbrands AB (publ) was founded in 1990 and is quoted on NASDAQ OMX Stockholm since 2007. The company's business concept is to offer the most effective and safe food supplements and natural medicines for specific health conditions. New Nordic's branded products are now available in 34 countries in pharmacies and health stores. The New Nordic Group has its own small sales and marketing companies in most European Countries, Canada and the US, to organize local marketing campaigns, serve the pharmacy and health retailers and serve the end consumers. In 2017, sales were 345 MSEK. All New Nordic products sold worldwide are manufactured in Scandinavia. For further information, visit www.newnordic.com.